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705/35	3087

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DATE: Monday, June 25, 2007 [Purge Queries](#) [Printable Copy](#) [Create Case](#)

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<u>L10</u>	705/35	3087	<u>L10</u>
<u>L9</u>	L8 and (funds with transfer or funds near transfer or funds adj transfer)	17	<u>L9</u>
<u>L8</u>	L7 and (funds with settlement or funds near settlement or funds adj settlement)	27	<u>L8</u>
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L9: Entry 14 of 17

File: USPT

Jun 12, 2001

DOCUMENT-IDENTIFIER: US 6247000 B1

TITLE: Method and system for confirmation and settlement for financial transactions matching

Brief Summary Text (6):

An example of the way the underlying transactions occur for which matching is typically needed is as follows. Company A, Hong Kong, places an order with Company B, Philippines to purchase 1,000 shares of Securities C. To place the order, the originating broker at Company A telephones and faxes to Company B. Upon receiving the order, an executing broker at Company B executes the trade at the Makati Stock Exchange on Company A's behalf. Typically at the end of the day, Company B notifies Company A, Hong Kong that the trade has been successfully executed. The notification is followed by a fax transmission to the brokers' custodian and clearing agent where the actual fund and security transfer will take place. The entire process could take somewhere between a day and up to several days.

Detailed Description Text (7):

An embodiment of the present invention includes the following features: 1) intra-day trade confirmation--trade terms and delivery instructions (including netting) for all transactions are viewable, verifiable, and confirmable on the trade date; 2) auto-match--all transactions are automatically matched on key financial criteria, and exceptions are reported; 3) quick error identification and auto correction--the cause of all mismatched trades is quickly identifiable, and errors are automatically correctable; 4) applicable message formats, including SWIFT ETC message formats--all messages are designed to be compatible with the latest industry supported SWIFT ETC message formats; 5) multi-currency and multi-security type--the system supports equities, fixed income traded instruments, options, and other derivatives, and supports all International Standards Organization (ISO) recognized currencies; and derivatives thereof, as well as other activities amenable to matching, such as the requisite supporting documentation that often accompanies such financial transactions; 6) automated or manual entry--the system accommodates SWIFT, proprietary file transfer, and manual trade entry input; 7) trade status--the categorization of trade status provides a quick and easy method for highlighting and sorting trades and is configurable to provide a spotlight on exceptions and errors; 8) reports--a comprehensive listing of positions by trade status, security type, counterparty, entity, trade date, and settlement date is included; 9) audit trail--on-line tracking of every event for each transaction and detailed by user, date, and time; 10) security--all messages are authenticated and encrypted, and all users undergo an authorization check before they are allowed to proceed onto the system; 11) standard 32 bit operating system such as Windows NT.TM. support--CMS is designed to operate in Windows NT.TM. environments; and 12) multi-site access--system access is available from multiple locations.

Detailed Description Text (152):

Settlement amount specifies the ISO currency code and the total amount of money to be received in exchange for financial instruments. Settlement date specifies the date on which the financial instruments and funds are to be exchanged. Optionally, this field may be used to indicate that settlement will take place at another specified place or date. If this is the case, one of the following codes may be used: 1) WIS--When Issued; 2) WDS--When Distributed; 3) WID--When Issued/When

Distributed; or 4) SOP--Seller's Option. Trade date indicates the date on which the trade was executed.

Detailed Description Text (195):

"Settlement date" specifies that date on which the financial instruments and funds are to be exchanged. Optionally, this field may be used to indicate that settlement will take place at another specified place or date. If this is the case, then one of the following codes may be used for an embodiment of the present invention: WIS--when issued; WDS--when distributed; WID--when issued/when distributed; and SOP--seller's option.

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L9: Entry 14 of 17

File: USPT

Jun 12, 2001

US-PAT-NO: 6247000

DOCUMENT-IDENTIFIER: US 6247000 B1

TITLE: Method and system for confirmation and settlement for financial transactions matching

DATE-ISSUED: June 12, 2001

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Hawkins; John G.	Westfield	NJ		
Jacobs; Dave M.	Wayne	NJ		
Fitzpatrick; Rick	Rockaway	NJ		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
Crossmar, Inc.					02

APPL-NO: 09/097695 [\[PALM\]](#)

DATE FILED: June 16, 1998

PARENT-CASE:

CROSS-REFERENCE TO RELATED APPLICATION This application is a Continuation-in-Part (CIP) of Applicant's application titled METHOD AND APPARATUS FOR TRADING SECURITIES ELECTRONICALLY having U.S. Ser. No. 08/700,836 filed Aug. 21, 1996, now U.S. Pat. No. 6,029,146. This application also claims the benefit of U.S. Provisional Application No. 60/049,851, titled "IMPROVED METHOD AND SYSTEM FOR TRADING", filed Jun. 17, 1997. Applicant's pending application titled MESSAGE AGENT SERVER having U.S. Ser. No. 60/050,422 filed Jun. 5, 1997, and applicant's application titled METHOD AND SYSTEM FOR PERFORMING AUTOMATED FINANCIAL TRANSACTIONS INVOLVING FOREIGN CURRENCIES having U.S. Ser. No. 08/727,786 filed Oct. 8, 1996, now U.S. Pat. No. 5,787,402 are hereby incorporated by reference.

INT-CL-ISSUED: [07] G06F 17/60

US-CL-ISSUED: 705/37

US-CL-CURRENT: [705/37](#)FIELD-OF-CLASSIFICATION-SEARCH: 705/37, 705/35, 705/39, 705/36, 705/40
See application file for complete search history.

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

[Search Selected](#)[Search ALL](#)[Clear](#)

PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
<input type="checkbox"/> <u>4346442</u>	August 1982	Musmanno	705/36
<input type="checkbox"/> <u>4376978</u>	March 1983	Musmanno	705/36
<input type="checkbox"/> <u>4571463</u>	February 1986	Shefler	379/355
<input type="checkbox"/> <u>4674044</u>	June 1987	Kalmus et al.	705/37
<input type="checkbox"/> <u>4694397</u>	September 1987	Grant et al.	705/35
<input type="checkbox"/> <u>4774663</u>	September 1988	Musmanno et al.	705/36
<input type="checkbox"/> <u>4823265</u>	April 1989	Nelson	705/35
<input type="checkbox"/> <u>4903201</u>	February 1990	Wagner	705/37
<input type="checkbox"/> <u>4949248</u>	August 1990	Caro	705/37
<input type="checkbox"/> <u>4980826</u>	December 1990	Wagner	705/37
<input type="checkbox"/> <u>5038284</u>	August 1991	Kramer	705/37
<input type="checkbox"/> <u>5077665</u>	December 1991	Silverman et al.	705/37
<input type="checkbox"/> <u>5101353</u>	March 1992	Lupien et al.	705/37
<input type="checkbox"/> <u>5136501</u>	August 1992	Silverman et al.	705/37
<input type="checkbox"/> <u>5220501</u>	June 1993	Lawlor et al.	705/40
<input type="checkbox"/> <u>5262942</u>	November 1993	Earle	705/37
<input type="checkbox"/> <u>5285383</u>	February 1994	Lindsey et al.	705/37
<input type="checkbox"/> <u>5424938</u>	June 1995	Wagner et al.	705/42
<input type="checkbox"/> <u>5497317</u>	March 1996	Hawkins et al.	705/37
<input type="checkbox"/> <u>5517406</u>	May 1996	Harris et al.	705/37
<input type="checkbox"/> <u>5727165</u>	March 1998	Ordish et al.	705/37
<input type="checkbox"/> <u>5787402</u>	July 1998	Potter et al.	705/37
<input type="checkbox"/> <u>5832462</u>	November 1998	Midorikawa et al.	705/35
<input type="checkbox"/> <u>5845266</u>	December 1998	Lupien et al.	705/37
<input type="checkbox"/> <u>5924082</u>	July 1999	Silverman et al.	705/37
<input type="checkbox"/> <u>5950176</u>	September 1999	Keiser et al.	705/37
<input type="checkbox"/> <u>5963923</u>	October 1999	Garber	705/37

FOREIGN PATENT DOCUMENTS

FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	CLASS
0434224 A2	June 1991	EP	

OTHER PUBLICATIONS

Jones, David, "New Year Initiatives on Securities Automation", Financial Technology International Bulletin, vol. 10, No. 5, p. 1-3, Jan. 1993.*
 The Depository Trust Company, "Institutional Delivery (ID) System Functional Design Paper for Enhanced, Interactive Capabilities", Mar. 31, 1993.*

Essinger, James, "Special Report--Electronic Trade Confirmation: A Review of Progress Made to Date", Financial Technology Insight Sep. 1993.*
The Depository Trust Company, "Institutional Delivery System User Manual", 1994.*
"Fund Managers Signing Up With Swift Want Straight-Through-Processing", Financial Technology International Bulletin, vol. 12, No. 2, p. 8-9, Oct. 1994.*
"ACT and London Stock Exchange Build Gateway", Financial Technology Insight, Oct. 1994, Dialog File 636:Newsletter DB.*
"London Stock Exchange: New Sequal Gateway Goes Live", M2 Presswire, Mar. 8, 1996, Dialog File 636:Newsletter DB.*
Coffey, Brendan, "Sequal Gets Mixed Reviews", Wall Street & Technology, vol. 14, No. 11, p. 44-48, Nov. 1996.*
International Search Report dated Oct. 19, 1998.
Preliminary Search Report date Jan. 18, 2000, published by the PCT International Preliminary Examining Authority.
Forefront, Global Custodian Magazine, Winter 1995.

ART-UNIT: 211

PRIMARY-EXAMINER: Trammell; James P.

ASSISTANT-EXAMINER: Hayes; John W.

ATTY-AGENT-FIRM: Marcou; George T. Kilpatrick Stockton LLP

ABSTRACT:

The present invention, an embodiment of which is known as Crossmar Matching Service (CMS) provides a method and system for matching order routing of securities and other instrument types, and for matching other transaction information on a post-execution basis, such as during the confirmation and settlement phase. The functions of the present invention occur on the post-execution side of the value chain and include matching the financials, matching the delivery instructions, and confirming those deliveries and instructions. The method and system of the present invention thus further provide a confirmation and settlement system for these functions.

35 Claims, 43 Drawing figures

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L9: Entry 15 of 17

File: USPT

Nov 2, 1999

US-PAT-NO: 5978485

DOCUMENT-IDENTIFIER: US 5978485 A

**** See image for Certificate of Correction ****

TITLE: Foreign exchange transaction system

DATE-ISSUED: November 2, 1999

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Rosen; Sholom S.	New York	NY		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
Citibank, N.A.	New York	NY			02

APPL-NO: 09/106441 [\[PALM\]](#)

DATE FILED: June 29, 1998

PARENT-CASE:

Priority is claimed to copending provisional application 60/007,420 filed Nov. 21, 1995. This is a continuation of application Ser. No. 08/754,694 filed Nov. 21, 1996 now U.S. Pat. No. 5,774,553.

INT-CL-ISSUED: [06] H04L 9/00, H04L 9/30, H04L 9/32, G07F 19/00

INT-CL-CURRENT:

TYPE IPC	DATE
CIPS G06 Q 20/00	20060101
CIPS G07 F 7/08	20060101

US-CL-ISSUED: 380/49; 380/9, 380/23, 380/24, 380/25, 380/30, 235/379, 235/380, 705/37, 705/39, 705/41, 705/42, 705/44

US-CL-CURRENT: [705/39](#); [235/379](#), [235/380](#), [380/30](#), [705/37](#), [705/41](#), [705/42](#), [705/44](#), [705/68](#)

FIELD-OF-CLASSIFICATION-SEARCH: 380/9, 380/23, 380/24, 380/25, 380/30, 380/49, 380/50, 235/379, 235/380, 705/35, 705/37, 705/39, 705/41, 705/42, 705/44
See application file for complete search history.

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

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PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
<input type="checkbox"/> <u>5258908</u>	November 1993	Hartheimer et al.	
<input type="checkbox"/> <u>5453601</u>	September 1995	Rosen	
<input type="checkbox"/> <u>5455407</u>	October 1995	Rosen	
<input type="checkbox"/> <u>5508913</u>	April 1996	Yamamoto et al.	
<input type="checkbox"/> <u>5557518</u>	September 1996	Rosen	380/23 X
<input type="checkbox"/> <u>5774553</u>	June 1998	Rosen	380/49
<input type="checkbox"/> <u>5799087</u>	August 1998	Rosen	380/24

FOREIGN PATENT DOCUMENTS

FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	CLASS
0 421 808 A2	April 1991	EP	
0 542 298 A2	May 1993	EP	
WO 95/30211	November 1995	WO	

ART-UNIT: 362

PRIMARY-EXAMINER: Gregory; Bernarr E.

ATTY-AGENT-FIRM: Morgan & Finnegan, L.L.P.

ABSTRACT:

A realtime multilateral foreign exchange settlement system having a computer implemented netting system, a processor-based multilateral settlement coordinator (MSC) having a first money module and a first host application, where the first host application receives debit and credit data from said netting system. A plurality of processor-based multilateral settlement agents (MSAs) each having a second money module and a second host application. A plurality of processor-based counterparty settlement agents (CSAs) each having a third money module and a third host application. The second and third money modules communicate via cryptographically secure sessions. The first money module receives electronic money from the third money modules of net debit CSAs via the second money modules. When all net debit counterparties have paid, the first money module sends the electronic money to the third money modules of net credit CSAs via the second money modules.

11 Claims, 71 Drawing figures

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L9: Entry 15 of 17

File: USPT

Nov 2, 1999

DOCUMENT-IDENTIFIER: US 5978485 A

**** See image for Certificate of Correction ****

TITLE: Foreign exchange transaction system

Brief Summary Text (5):

Foreign exchange trading has grown from \$1 billion per day in 1974 to almost \$1 trillion per day in 1994. Hundreds of billions of dollars per day pass through the international payment systems to settle these transactions. The risk of failure by any of the participants has the central banks of the major economies concerned. These concerns and potential solutions were set out in the report by the Bank for International Settlements "Central Bank Payment and Settlement Services with Respect to Cross-Border and Multicurrency Transactions." This report spawned two responses from the private sector: "Reducing Foreign Exchange Settlement Risk" by the New York Foreign Exchange Committee and "Risk Reduction and Enhanced Efficiency in Large-Value Payment System: A Private Sector Response" by the New York Clearing House Association.

Brief Summary Text (7):

All of the foregoing reports suggest solutions incorporating extended banking hours, coordinating central bank accounting systems, and setting up multicurrency clearing banks. Each of the proposed solutions reduces the risk but does not eliminate it. We propose a system to eliminate the risk which incorporates EMS with an augmented transaction called Settle Foreign Exchange which eliminates the risk by coordinating the multicurrency payments outside the central bank systems.

Detailed Description Text (227):

CSA A and CSA B then acquire the funds needed to consummate the settlement from their respective banks via money module withdrawals or as payments from lenders if sufficient funds are not on hand (step 3136).

Detailed Description Text (232):

The CSAs 3020 then acquire the needed funds from their respective banks (e.g., electronic money issued for the appropriate central bank) from their respective banks via money module withdrawals, or via payments from lenders if sufficient funds are not on hand (step 3152). The CSAs 3020 notify the MSAs 3022 when the funds have been acquired and then transfer the electronic money to the MSAs using the Settle Foreign Exchange protocol (steps 3154-3158). The MSAs 3022 then notify the MSC 3024 of receipt of funds and transfers the electronic money to the MSC by the Settle Foreign Exchange protocol (steps 3160-3162).

Detailed Description Text (233):

At the designated date and time of settlement, the MSC 3024 checks if all net debit counterparties have paid (steps 3164-3166). If all counterparties have not paid, then the MSC 3024 transfers funds to the MSAs 3022 to be returned to the debited CSAs along with notification that settlement has failed (step 3168). Such funds transfer is via the Settle Foreign Exchange protocol (step 3170). The MSAs are also told to notify non-debited CSAs of the settlement failure. The MSAs 3022 receive such notification and (when appropriate) funds for transfer to the CSAs 3020 (step 3172). Funds transfer back to the debited CSAs is via the Settle Foreign Exchange protocol. CSAs then receive notification of settlement failure and the debited CSAs

receive their funds. Finally, the CSAs notify the counterparties of the failed settlement (step 3174).

Detailed Description Text (234):

In the event that the MSC 3024 has received payments from all net debit counterparties, then the MSC transfers funds for the net credit counterparties to the MSAs 3022 for payment (step 3176). Such funds transfer is via the Settle Foreign Exchange protocol (step 3178). The MSC also notifies other MSAs of successful settlement.

Detailed Description Text (235):

The MSAs 3022 receive notification of the successful settlement and the funds where appropriate. These are, in turn, sent to the CSAs 3020, which notify their counterparties of successful settlement (steps 3180-3184).

Detailed Description Text (237):

In an additional aspect to the present invention, the EMS could be used to compress the trade and settlement into realtime if both counterparties have sufficient funds in their money modules to settle the trade. This could be valuable to corporate traders that are normally on one side of the trade, i.e., buying foreign exchange. Dealers who are normally on both sides of the trade, i.e., both buying and selling the same currency, would have liquidity problems settling trade by trade.

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File: USPT

Nov 16, 1993

US-PAT-NO: 5262942

DOCUMENT-IDENTIFIER: US 5262942 A

TITLE: Financial transaction network

DATE-ISSUED: November 16, 1993

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Earle; Dennis M.	Secaucus	NJ		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
Bankers Trust Company	New York	NY			02

APPL-NO: 07/533649 [\[PALM\]](#)

DATE FILED: June 5, 1990

INT-CL-ISSUED: [05] G06F 15/20, G06G 7/52

INT-CL-CURRENT:

TYPE IPC	DATE
CIPP G06 Q 40/00	20060101

US-CL-ISSUED: 364/408; 395/925

US-CL-CURRENT: [705/37](#); [705/35](#), [706/925](#)

FIELD-OF-CLASSIFICATION-SEARCH: 364/408, 364/225, 364/918, 364/918.2, 364/918.9, 364/401, 395/925

See application file for complete search history.

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

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	PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
<input type="checkbox"/>	4334270	June 1982	Towers	364/408
<input type="checkbox"/>	4823265	April 1989	Nelson	364/408
<input type="checkbox"/>	4903201	February 1990	Wagner	364/408

<input type="checkbox"/>	<u>4953085</u>	August 1990	Atkins	364/408
<input type="checkbox"/>	<u>5101353</u>	March 1992	Lupien et al.	364/408
<input type="checkbox"/>	<u>5126936</u>	June 1992	Champion et al.	364/401
<input type="checkbox"/>	<u>5132899</u>	July 1992	Fox	364/408

OTHER PUBLICATIONS

"Software Packages Assist Diverse Needs of Bond Portfolio Managers", Wall Street Computer Review, Jun. 1985, pp. 61-65.

ART-UNIT: 231

PRIMARY-EXAMINER: Envall, Jr.; Roy N.

ASSISTANT-EXAMINER: Brutman; Laura

ATTY-AGENT-FIRM: Sughrue, Mion, Zinn Macpeak & Seas

ABSTRACT:

A financial transaction network employs a shareholder network serviced by a host processor. The financial network maintains (n) number of mutual fund portfolios operating in different currencies. The host processor acts a communications switch validating incoming transaction requests and routing them to a central Transfer Agent system for execution. The host processor maintains central records that can be queried through the host. The Transfer Agent is responsible for updating the database. The financial network provides accessibility, speed and finality of settlement in transactions by using mutual fund shares in diverse currencies as substitutes for those currencies.

23 Claims, 10 Drawing figures

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L9: Entry 17 of 17

File: USPT

Nov 16, 1993

DOCUMENT-IDENTIFIER: US 5262942 A

TITLE: Financial transaction network

Abstract Text (1):

A financial transaction network employs a shareholder network serviced by a host processor. The financial network maintains (n) number of mutual fund portfolios operating in different currencies. The host processor acts a communications switch validating incoming transaction requests and routing them to a central Transfer Agent system for execution. The host processor maintains central records that can be queried through the host. The Transfer Agent is responsible for updating the database. The financial network provides accessibility, speed and finality of settlement in transactions by using mutual fund shares in diverse currencies as substitutes for those currencies.

Brief Summary Text (3):

In general, investors purchasing shares in a typical mutual fund transfer assets, such as cash, to the account of the mutual fund at a custodial institution (custodian). If the mutual fund is closed-ended, there is a limit to the number of shares which the mutual fund may issue. Conversely, if the mutual fund is open-ended, there is no limit to the number of shares which the mutual fund may issue. The mutual fund's investment advisor uses those assets transferred to it by an investor to invest in securities or other approved investments as allowed by the mutual fund's prospectus, although typically a fund will maintain a portion of its assets in cash and cash equivalents. The mutual fund's transfer agent issues to the investor the number of shares equivalent to the value of the assets transferred to the fund by said investor divided by the price of a share in the mutual fund. At this point, the investor becomes a shareholder. The price of the share is determined by the aggregate of the current market value of the mutual fund's assets and the income earned by these investments, less accrued management fees and expenses. Most mutual funds instruct their fund accountants to calculate this share price which is called a net asset value calculation, once a day. This is done by obtaining current market prices for each investment held by the fund. Investors may only purchase shares or redeem shares at a share pricing. When a shareholder redeems some number of shares, to the extent that the fund does not have cash on hand, the investment advisor sells a portion of the mutual funds assets in order to pay said shareholder the value of his shares as determined by the fund price.

Brief Summary Text (4):

There exists a multitude of mutual fund arrangements which allow shareholders to purchase and redeem open-ended shares together with limited rights of third-party purchase, also called share transfer (that is the change of ownership of a share in a portfolio from one owner of record to another), and limited rights of exchange (that is the movement of wealth from one portfolio to another by the same shareholder). Such mutual funds generally exist either as a single, or a group, of portfolio(s) denominated in one national currency, such as U.S. Dollars. For example, in a group of mutual fund portfolios, one portfolio may be invested in technology companies whereas another portfolio may be invested in energy companies. Thus, typical mutual funds earn profits and have losses based on this national

currency. Furthermore, there are still other mutual funds which hold assets denominated in more than one national currency. These mutual funds earn profits and experience losses based on each currency in which its investments are denominated.

Brief Summary Text (7):

However, mutual fund shares are not currently used through effecting share transfers for purposes of paying for goods, services, and other financial obligations such as meeting collateral requirements common for good faith deposits, securities trades, and other credit requirements. Mutual fund shares are also not used today for settling foreign exchange transactions.

Brief Summary Text (16):

Yet another example of delays and costs associated with currency transactions is a simple foreign exchange transaction, such as from U.S. Dollars to Japanese Yen. An institution typically wishing to make such an exchange currently requires the intervention of at least two banks, a bank in the United States to initiate the transfer in dollars and a receiving bank in Japan to receive and transfer the converted funds to the Yen account. Multi-day delays for fund availability are common even in the case of wire transfers. The requirement that multiple banks be used increases fees.

Brief Summary Text (21):

Yet another object of this invention is to provide a financial transfer network that permits the purchase and transfer of mutual fund shares based on one or more currency portfolios managed in a common fund.

Brief Summary Text (23):

An important object of this invention is to provide a financial exchange network which substitutes mutual fund shares for currency which guarantees collateral and permits more immediate finality of settlement of obligations in financial markets, such as, but not limited to, futures, options and the like.

Brief Summary Text (24):

A further object of this invention is to define a network mechanism which allows shareholders to negotiate share exchanges outside the fund yet use the vehicle of the fund for transfers of shares.

Brief Summary Text (27):

These and other objects of this invention are achieved by means of a financial transaction network that employs one or a number of single currency portfolios tied together in one or more mutual funds which operate using substantially a 24 hour system. Country of registration of the fund(s) does not relate to the performance of the invention. Independent currency portfolios are maintained and managed, generally in the country which issues that currency. The independent portfolios are tied together by a 24 hour host processor providing client service and administration together with a transfer agent in charge of maintaining record ownership and a fund accountant in charge of calculating net asset value. Portfolios are priced at intervals approaching continuous pricing, such as every two hours, which is more frequently than any other money market mutual fund. With this frequent pricing structure the investor may purchase and redeem shares more frequently than he can in a typical mutual fund. However, share transfers may occur at any time. With this pricing mechanism, the mutual fund is tied closely to its custodian(s) for the purposes of notification of incoming funds. Once a day, each portfolio distributes its earnings pro rata to its shareholders in the form of share dividends. In this way, the price of the share is maintained at a constant net asset value.

Brief Summary Text (29):

Another transfer mechanism is one which allows for private currency exchanges to be made between two shareholders utilizing the vehicle of fund shares as the transfer

mechanism. For example, one shareholder has U.S. Dollar shares and another shareholder has Yen shares. They decide to "swap" or trade their holdings, and both parties notify the mutual fund of their intentions. The mutual fund effects this by transferring a specified number of the first shareholder's U.S. Dollar shares to the other shareholder while simultaneously transferring a specified number of Yen shares from the other to the first shareholder. This share transfer mechanism is also useful for the transfer of value as represented by otherwise non-convertible currencies.

Detailed Description Text (4):

A communication link is established between the Client Service and Administrative system 110 and a Transfer Agent system 114. The Transfer Agent system executes all transactions and acts within the financial network for purposes of updating shareholder records, applying dividends to fund shares and transmitting netted purchase and redemption information to the Fund Accountant. Additionally, the Transfer Agent provides account balance information and transmits transaction statements and a hard copy of transaction confirmations to the shareholder, as required by law. Thus, the Transfer Agent system 114 performs shareholder recordkeeping and acts in an informational capacity by maintaining and dynamically transmitting updated shareholder record information such as account balance to update the CSA database 112. The database 112 is subject to inquiry by client service and administrative system 110. As illustrated in FIG. 1A thus functionality is limited to inquiry, that is, the data base 112 cannot be altered in any way by the Client Service and Administration system. Shareholder accounts maintained in the data base 112 are updated only by the Transfer Agent system 114.

Detailed Description Text (6):

The Fund Accountant 120 is responsible for maintaining the mutual fund portfolio records together with its accounting records, such as general ledger and the like. Its responsibilities include valuation of each of the portfolios, calculating the net asset value and income distribution for daily dividends. The Fund Accountant 120 communicates with the Investment Advisors 118 for purposes of providing net investment information. As illustrated in FIG. 1A, the Fund Accountant receives transaction data from the Transfer Agent 114.

Detailed Description Text (23):

When the Transfer Agent 114 receives approved transactions from the CSA system 110, it provides the functions of updating shareholder records to complete the transaction request and then time-stamps and tags those transactions as completed. Next, the Transfer Agent 114 system dynamically provides updated transactional information to the data base 112 and provides investment information at a portfolio level to the Fund Accountant 120. Finally, the Transfer Agent 114 provides a communication function back to the CSA system 110 to acknowledge completed transactions, then sends identical confirmation to generate the UCC required hard copy for the shareholder. Thus, the above characteristics are generic to transaction flows.

Detailed Description Text (30):

At functional block 13, the Transfer Agent system compiles the total amount of purchases by portfolio, nets that amount with redemptions and sends netted purchase and redemption information to Fund Accountant 120.

Detailed Description Text (34):

If sufficient funds are received by the Custodian, the approved transactions are released to the Transfer Agent, (block 21). Then, the Transfer Agent will issue the shares to the shareholder account at block 22. Block 23 in FIG. 3 is the transfer function. In the case of this instruction, the Transfer Agent, having issued the appropriate number of shares, will then transfer the requested shares to the account of the designated recipient. Information will be posted to the account of the shareholder who initiated the purchase and transfer transaction as well as

updating the account of the designated recipient of the transfer. Thus, at block 24, executed transaction updates are transmitted to the CSA system. This updated information sent to the CSA reflects both the purchase and the transfer of shares. At block 25, confirmation is sent to both shareholders the purchase and transfer shareholder and the recipient of transferred shares. Block 26 completes the paper audit trail as in FIG. 2 block 12, thus the Transfer Agent system sends an identical confirmations to generate the UCC required hard copy, thereby providing the shareholders a paper trail of the transaction. Functional block 27 shows that the Transfer Agent system compiles the total amount of purchases by portfolio, nets that amount with redemptions and sends net investment information to Fund Accountant.

Detailed Description Text (45):

As can be appreciated, by utilizing this transaction type shareholders can arrange for currency exchanges by swapping, at agreed upon rates, shares within their respective currency portfolios. Such a currency exchange by swapping shares is effectuated without the use of intermediary banks. The result is a more expeditious access to funds without the imposition of interbank transfer fees, the inherent delays and risks in the interbank settlement system and the like. This financial transaction network thus provides for electronic transfers of currency shares utilizing the flexibility of multiple mutual fund portfolios in discrete currencies.

Detailed Description Text (49):

If sufficient shares are received within the specified period, the CSA 110 will tag the receive and redeem transaction as approved, time stamp the transaction and release approved transactions to the Transfer Agent system 114 at the next pricing period. The Transfer Agent system at block 51 will redeem the shares now in the shareholder's account and post that information to the shareholder account by updating the database 112. The CSA system also receives an indication that the transaction has been executed, and the shareholder receives both electronic confirmation sent to his mailbox and identical hardcopy generated by the Transfer Agent system. The Transfer Agent system completes the chain by netting purchases with redemptions and sending net investment information to the Fund Accountant.

Detailed Description Text (50):

As is therefore apparent, by utilizing the receive and redeem instruction, a shareholder can use the financial network for purposes of effectuating near real-time use of redeemed shares. That is, without the requirement of intermediary banks and intra-bank transfers, mutual fund shares can be received from third party sources and promptly redeemed into the currency used by that portfolio. The time based availability of funds is therefore expedited and traditional passing fees minimized.

Detailed Description Text (57):

At the host system, the Client Service and Administrative functions allow access for purposes of reading and updating transaction queues. Inquiries regarding transaction records are fulfilled on a real-time basis. The Transfer Agent is responsible for its own shareholder record keeping and dynamically updating the CSA data base. Importantly, however, the Fund Accountant does not have access to shareholder records. That is, the Fund Accountant 120 is locked out of the data base 112. This security protection insures independence of the Fund Accountant by having its activities pass directly to the Transfer Agent for purposes of accounting details and verification.

Detailed Description Text (59):

The transactions thus described are illustrative of this invention. Transactions such as purchases or redemptions are conducted using a fund comprised of a single currency. The invention thus permits the use of mutual fund shares in a single currency to effectuate the settlement of commercial transactions in that currency.

Detailed Description Text (64):

This invention can be used as a supplement or replacement for many of the current bank practices concerned with the exchange of currencies through the mechanism of foreign exchange. It can also be used to effect the transfer of different currencies between shareholders of this financial transaction network via the matched transfer transaction, thereby eliminating the possibility of outright loss in foreign exchange settlement (known as the "Herstadt effect"). This invention can also be used as a multi-currency guarantee fund for those foreign exchange netting systems engaging in bilateral or multilateral netting by novation which maintain a guarantee fund to assist in insuring settlement in case of member default.

CLAIMS:

1. A financial network for facilitating commercial transactions with immediate finality of settlement through the use of mutual fund shares as currency equivalents comprising:

a plurality of shareholder workstations:

a host processor accessed by said shareholder workstations for processing transaction instructions and maintaining account status information:

said host processor including database means for maintaining records of shareholder accounts including transactions:

means for establishing (n) currency portfolios, said portfolios each managed by an investment advisor, said shareholder workstations accessing said host processor to effectuate instructions for making transactions in any of (n) portfolios, means linked to said host processor to provide information on receipt of shareholder assets, and transfer agent means responsive to said host processor for completing transactions having immediate finality of settlement when authorized by said host processor, said transfer agent means updating said database with data on completed transactions.

11. The financial network of claim 1 further comprising fund accountant means, said fund accountant means receiving from said transfer agent means and said investment advisor data on assets held for determining the value of said assets to compute dividends payable to shareholders for each of said (n) currency portfolios.

14. A method of effectuating settlement of commercial transactions using a host based computer system having remote workstations in a network comprising the steps of:

establishing at least one mutual fund portfolio investing in assets denominated in a currency and having a custodian to hold assets of the portfolio with the portfolio managed by an investment advisor;

establishing multiple shareholder accounts and providing shareholder access into said mutual fund portfolio for issuing instructions that affect share balances in his account;

providing a host system serving as a transaction switch acting on instructions issued by said shareholder and maintaining a database of shares owned in said mutual fund portfolio;

and providing a transfer agent system for said mutual fund portfolio, said transfer agent system executing instructions from said shareholder on a book entry basis and maintaining accountable records of said mutual fund portfolio;

said shareholder initiating a transaction by issuing an instruction to said host system, said host system operating in response to a valid instruction from a shareholder that shareholder assets are available so that said transfer agent can complete the transaction requested by said shareholder to effectuate settlement of a commercial transaction between shareholder accounts within said mutual fund portfolio.

19. The method of claim 15 wherein the instruction comprises the steps of two shareholders agreeing on a swap of shares in different ones of said (n) mutual fund portfolios, each shareholder initiating an instruction for a mutual transfer of shares and said host processor matching and validating such instructions.

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